

April 8, 1999

**Future Shock:**

## **“Equal Pay” Day, Two Years Later**

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*The date is April 8, 2001. Hospitals are not functioning. Airline service is poor and safety is shoddy. Municipal governments are having trouble discharging basic services — garbage collection, water, sewage. Disruptions in service are numerous, ugly, and splashed across newspaper headlines and the nightly news.*

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The lingering effects of the Y2K glitch? Hardly — that “bug” turned out to be a case of the sniffles. Social security checks went out on time and the internet was unaffected, much to the delight of President Albert S. Gore, Jr., who invented both. No, our present misery is the work of a cancer, namely, the federal wage controls designed to end gender-based wage discrimination.

Two years ago today, when feminist groups were privately threatening to withhold support for a certain presidential candidate, the Clinton administration launched an attack against gender discrimination in the workplace, which was allegedly causing a large “wage gap” between men and women. With the help of a campaign financed by compulsory union dues and trial lawyers’ share of the tobacco settlement, they rammed the “Paycheck Fairness Act” through Congress.

It has been illegal to pay men and women differently for equal work since the 1960s. In fact, employers accused of doing so are presumed guilty until proven innocent. Yet the new law made enforcement even harsher by giving enterprising lawyers more ways to sue employers for more money.

The new lawsuits, however, were just the tip of the iceberg. The act also created guidelines on how to eliminate wage disparities between the sexes. Rating jobs according to “objective criteria,” the guidelines recommended identical wage scales for male- and female-dominated jobs deemed to have “comparable worth.” By excluding gender, they were supposed to take unfair discrimination out of the equation.

Though initially voluntary, after several media events where now-DreamWorks Chairman

Clinton bit his lip as he stood beside employers who had implemented comparable worth, resistance was futile. In a whirlwind first week of his presidency, former welfare recipient Albert S. Gore, Jr. made the guidelines compulsory, enacted the Medicare reforms he campaigned against, and took credit for solving Fermat's last theorem, all while seated behind an antique desk he had carved with his own hands.

That's when things got ugly. Before comparable worth, the way to a pay raise was either what you know or who you know. Now it's *entirely* who you know. Don't know the civil servant who decides how much you get paid? Better hire somebody who does. (Most unions offer representation.) Who else is going to talk up the demands of your job and trash jobs that pay more?

The lobbying isn't even the worst part. Back when the labor market was governed by supply and demand, wages conveyed information. When the demand for nurses exceeded the supply, employers signaled a shortage by increasing nurses' salaries. This attracted more nurses until the shortage was eliminated. The reverse was also true.

Now, wages no longer correct imbalances. They are held down in spite of shortages, and kept high despite gluts. The only information they convey is who has the best man in Washington. Thus, we have hospitals that cannot find enough nurses; air travel has suffered because airlines cannot hire enough qualified mechanics; and municipal governments cannot find qualified administrators because few applicants will work for the comparable worth wage. Why should they, when other jobs pay the same for less work? Had we bothered to look, we might have discovered Minnesota and Australia faced similar problems with comparable worth in the 1970s and 1980s.

Ironically, comparable worth is hurting those it was supposed to help. When forced to increase wages for traditionally female jobs, employers could no longer afford to hire as many workers. The result was more unemployed women. Moreover, from 1987 to 1997, the number of female-owned businesses doubled to 8.5 million. The majority of these were small businesses, where the share owned by women went from one-quarter in 1980 to one-third in 1993 and kept growing. Starting their own business used to give women the flexibility to balance work and family needs. Now, the cost of comparable worth's regulations and lawsuits have choked off the explosive growth in female-owned businesses and caused many to go under.

It was President Gore who coined the phrase: "By their fruits ye shall know them." That would be a fitting epitaph for comparable worth. Oddly, its biggest supporter has been silent on the damage it has done. Aides claim he can't be bothered. He's busy discovering cold fusion.

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